

Railroad Retirement Benefit Increases

Railroad retirement annuities, like social security benefits, are scheduled to increase in January 2000 on the basis of the rise in the Consumer Price Index (CPI) during the 12 months preceding October 1999.

Cost-of-living increases are calculated in both the tier I and tier II benefits included in a railroad retirement annuity. Tier I benefits, like social security benefits, will increase by 2.4 percent, which is the percentage of the CPI rise. Tier II benefits will increase by 0.8 percent, which is 32.5 percent of the CPI rise. Vested dual benefit payments and supplemental annuities also paid by the Railroad Retirement Board are not adjusted for the CPI rise.

In January 2000, the average regular railroad retirement employee annuity will increase \$25 a month to \$1,349 and the average of combined benefits for an employee and spouse will increase \$35 a month to \$1,955. For aged widow(er)s, the average survivor annuity will increase \$17 a month to \$809.

If a railroad retirement annuitant also receives a social security benefit, the increased tier I benefit is reduced by the increased social security benefit. Tier II cost-of-living increases are not reduced by social security increases.

In late December, annuitants will receive letters from the Railroad Retirement Board providing a breakdown of their increased annuity rates. Railroad retirement annuity payments are generally issued on the first day of the month except when the first day of the month is a Sunday or Federal holiday, in which case payments are issued on the next business day. Because January 1, 2000, is a holiday, the first railroad retirement annuity payments of the year 2000 will be dated January 3.

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